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ONTARIO

THE DEPARTMENT OF
PLANNING and DEVELOPMENT

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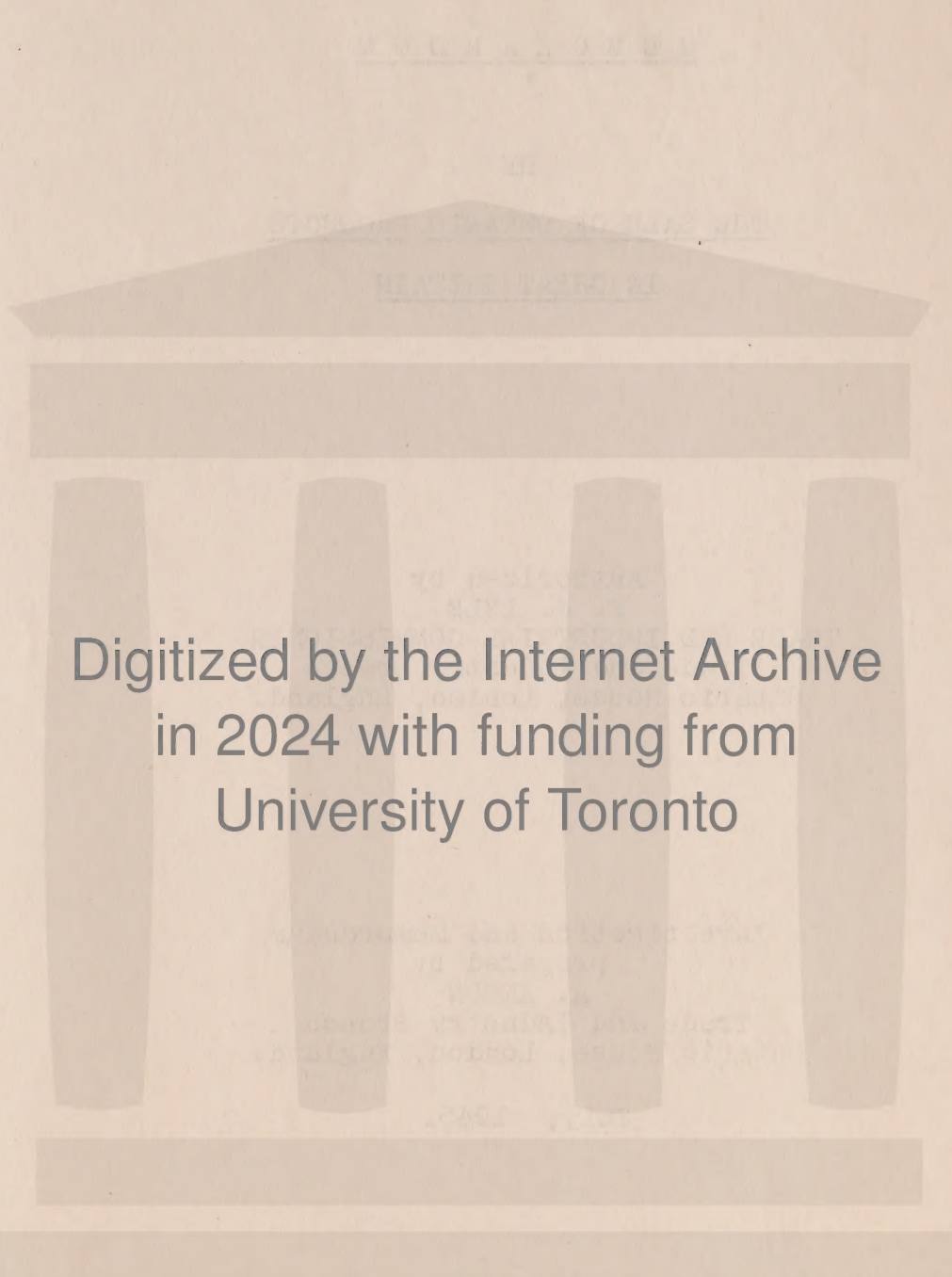
THE SALE OF ONTARIO PRODUCTS

IN GREAT BRITAIN

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SELLING ONTARIO PRODUCTS

IN GREAT BRITAIN

During the past few months, the Trade and Industry Department at Ontario House, London, England, has been investigating the possibilities and prospects of developing the future sale of Ontario products in Great Britain in the next few years. From the extensive survey carried out, certain facts have emerged that are of vital importance to all Ontario Manufacturers, irrespective of whether their products were firmly established on the British Market before the war, or whether they are considering this market for the first time.

This pamphlet has been prepared to present to Ontario manufacturers a picture of the general situation they will have to contend with when selling in Great Britain, and the various new problems that have been created through the British Government's present policy of strict control of imports.

It should be borne in mind, however, that the opinions expressed are not necessarily taken from official statements by the various Ministries concerned; for at this stage there have not been any definite statements of policy made in Government circles. Such information as has been given by the Government has been issued with the proviso that it is for general guidance only.

The Trade and Industry Department have had discussions with the Board of Trade and leading financial and industrial interests, and from the opinions expressed on all sides, it is possible to present the following diagnosis of the whole situation.

EXPORTING ONTARIO PRODUCTS TO GREAT BRITAIN -

THE POSITION TO-DAY

The potential market in Great Britain for a multitude of Ontario products and raw materials is very considerable. This country of nearly 46 million people, has been completely starved of all types of consumer goods for almost six years. The size of the market represented by the accumulation of six years normal replacements of all household articles alone is very considerable, and when this is added to the demand that will be created by the 2,000,000 new homes that are to be built, and the eventual expenditure of wartime savings, it will easily be realised that the total market for Consumer Goods in Great Britain in the years ahead, will be greater than ever before.

In addition, the reconversion and re-tooling of British Industry will call for large quantities of equipment and machinery, the housing programme will require huge quantities of building materials including timber, and the building up of normal stocks of food will necessitate tremendous imports of foodstuffs of all kinds.

GREAT BRITAIN'S CONTROL OF IMPORTS

Whilst even a very general examination of the potential British market for Ontario products is sufficient to justify optimism on the part of Ontario manufacturers contemplating selling their products in this country, the British Government's policy of strict control of imports radically alters the whole picture.

At the present moment, nothing can be imported into Great Britain on private account without an import licence issued by the British Board of Trade. It seems likely that these regulations will continue for a number of years.

The British Government's reasons for this policy of control of imports is very simple: Britain is faced with an acute shortage of foreign exchange, particularly dollars. Before the introduction of Mutual Aid and Lease Lend, Britain had to pay cash for her purchases of war materials in Canada and the U.S.A. and in addition was compelled to invest large sums in the building of plants in America. This

expenditure could only be met by the sale of Dollar and other investments, to provide the necessary dollar currency. It seems fairly certain that by far the greater part of the dollar holdings of the British Treasury at the present time, even taken at the most optimistic estimates, will be needed in the next few years for the purchase of vital foods and raw materials. Until there is a reasonable prospect that Great Britain's dollar revenue is likely to be sufficient to pay for essential imports from Canada and the U.S.A., relaxations of the import control on manufactured goods are likely to be extremely limited.

For some considerable time, therefore, it may be expected that Britain will control the use of dollar exchange in order to ensure that the limited supply will not be spent on luxuries and non-essentials.

The Ontario Manufacturer wishing to export his products to Great Britain will, in view of this currency problem, require answers to several vital questions:-

1. How long will control of imports into Great Britain continue?
2. Will his products be considered as essential or as luxuries, under an import licensing system?
3. Is there any way he can protect his goodwill and keep his share of the market if he has sold his products in Great Britain before the War?

In the following pages this pamphlet tries to give accurate answers to these three vital questions.

1. How long will control of imports into Great Britain continue?

It is very difficult to make even an intelligent guess in answer to this question. The re-establishment of Britain's dollar revenue can only be achieved by a very considerable increase in the export of British Manufactured Goods and materials to dollar countries. The increase in British exports is in its turn dependent upon the quick reconversion of British Industry to production of peacetime products. This cannot be achieved overnight, for apart from re-tooling and re-equipping plants,

production will not really get under way until a very considerable number of men are returned to industry from the Armed Forces. The estimated number of men to be released by the end of 1945 under the partial demobilization scheme now in operation, will not materially relieve the acute shortage of labour in most industries, and may do no more than replace the women who have been in industry during the war, and now wish to return to their homes.

The British Government is likely to pursue an aggressive export policy and will certainly tackle the problem of producing for export in an energetic way, even if it may mean that the British people have still to do without a large number of consumer goods. Even when British exports have been raised again to something like pre-war levels, it is possible that control of imports will continue until British manufacturers whose commercial activities have been suspended or restricted by war controls, have had time to re-establish themselves before new competitors are allowed in.

In many instances, in order to economise on labour and production facilities during the war British industries were concentrated. That is to say "nucleus" firms were appointed in certain industries, and they had to manufacture not only their own goods, but goods of other manufacturers engaged in the same industry, whose plant was given over to war production entirely. The unwinding of all these wartime controls will inevitably take time.

It is probable that the control of imports will not be quite so severe for some countries in the sterling bloc, with whom Britain has recently signed trade agreements. These countries agree to accept sterling in payment of goods supplied, and are willing to allow sterling balances to accrue in Great Britain against such a time as Great Britain is in a position to supply goods and materials they require. The British Government has, however, given as its policy that these trade agreements with sterling countries, will not be allowed to interfere with Britain's "traditional" trade with other countries.

The situation may be somewhat alleviated as far as dollar countries are concerned by some long term arrangements, or under a Bretton Wood type of formula, but it does

seem that just as long as Britain has got to borrow abroad to finance her purchases she will control the way in which this money is spent. In other words, Great Britain is determined to pay her way in international trade, and quite prepared to undergo severe sacrifices at home to implement this policy.

2. Will his products be considered as essentials or as luxuries under an import licensing system?

The British Government, through the Board of Trade, cannot at this moment give even the widest definition of groups of products considered as essentials or luxuries. Each item is considered on its own merits.

Broadly speaking, it seems that anything required to modernise or re-equip British Industries, especially those with an export potential, will be considered essential if it is not manufactured in Great Britain, or if a small production capacity here is holding up plant reconversion. Food of all kinds will undoubtedly continue to be considered essential, although bulk buying may continue for some years through the Ministry of Food. Household appliances and similar articles are likely to be classed as luxuries for some considerable time - for the British house-wife has been able to live without them for many years, and in the country's interest will be asked to go on doing without them for a little longer.

The situation on any particular item may change from day to day, and undoubtedly an Ontario Manufacturer would be well advised to keep in touch with the Trade and Industry Commissioner at Ontario House, London, England, through the Trade and Industry Branch of the Department of Planning and Development, Toronto. Up-to-the-minute opinions on the import licence situation on any commodity can be obtained within a matter of days.

3. Is there any way he can protect his goodwill and keep his share of the market if he has sold his products in Great Britain before the War?

There is a way round the barriers set up by the import licensing controls, in fact there are two alternatives for Ontario manufacturers.

1. They can set up a branch plant in Great Britain and manufacture their products in this country.
2. They can enter into an agreement with a British manufacturer to manufacture their products on a royalty basis under licence.

At first sight Canadian Manufacturers may well query whether in the long run either of these methods are in the best interests of their Company and of our Province as a whole, on the basis that it is most decidedly preferable to export manufactured goods which employ Ontario labour. This is unquestionably true, but a realistic appraisal of the whole situation must lead to the conclusion that in many instances the only way to keep a share of the British market is to manufacture here; without such manufacturing arrangements, Ontario Manufacturers' share of the British market for some time will consist of essential products as described.

The problems ensuing from the establishment of a manufacturing arrangement, or the setting up of a branch plant, are fully covered in another pamphlet shortly to be issued by the Trade and Industry Department of Ontario House, who are always anxious to give every possible assistance and guidance to Ontario Manufacturers contemplating such a move.

CONCLUSION

These restrictions are not likely to be a permanent feature of British Government Policy. They are simply a part of the price Great Britain is having to pay for her war effort. Britain wants to buy huge quantities of Canadian goods, and she will undoubtedly do so as soon as she can afford to pay for them. Important sections of British opinion are fully convinced that no country stands to gain more from a free flow of international trade, and constant pressure will be asserted against these emergency measures towards their removal as soon as there is a reasonable prospect of Britain balancing her external payments and receipts on current account.

P.S. Cable from Ontario House, dated July 31st, suggests that the result of the British election does not affect any information contained in this pamphlet.

1. The first part of the paper is devoted to a general
discussion of the problem of the origin of life.

2. The second part of the paper is devoted to a
discussion of the problem of the origin of the
universe.

3. The third part of the paper is devoted to a
discussion of the problem of the origin of the
earth and the life on it.

4. The fourth part of the paper is devoted to a
discussion of the problem of the origin of the
solar system.

5. The fifth part of the paper is devoted to a
discussion of the problem of the origin of the
galaxies.

6. The sixth part of the paper is devoted to a
discussion of the problem of the origin of the
universe.